

**MIAX Options Exchange Regulatory Circular 2022-35**  
**MIAX Pearl Options Exchange Regulatory Circular 2022-34**  
**MIAX Emerald Options Exchange Regulatory Circular 2022-32**

**DATE:** June 27, 2022

**TO:** MIAX Options Exchange Members

**FROM:** MIAX Exchange Group Regulatory Department

**RE:** New MIAX Options Obvious Error Procedures Effective July 1, 2022

This Regulatory Circular is to inform MIAX Options Exchange, MIAX Pearl Options Exchange, and MIAX Emerald Options Exchange Members, that a proposed rule change to amend Exchange Rule 521, Nullification and Adjustment of Options Transactions Including Obvious Errors, will be implemented on July 1, 2022, in coordination with all other options exchanges.

The Exchange will introduce a new methodology for determining the Theoretical Price for Customer transactions occurring within 10 seconds or less after an opening or re-opening on the Exchange.

- For Customer trades occurring within 10 seconds or less after the opening or re-opening of the Exchange, the Exchange will determine the Theoretical Price if the bid/ask differential of the NBB and NBO for the affected series just prior to the Customer’s erroneous transaction was deemed wide (equal to or greater than the Minimum Amount detailed below), anytime within 10 seconds following an opening or re-opening.
- For Customer trades occurring within 10 seconds or less after an opening or re-opening of the Exchange, if the bid/ask differential of the NBB and NBO for the affected series prior to the Customer’s erroneous transaction was always wide (equal to or greater than the Minimum Amount detailed below), the Theoretical Price will be the last NBB or NBO prior to the Customer transaction in question.

| <b>Bid Price at Time of Trade</b> | <b>Minimum Amount</b> |
|-----------------------------------|-----------------------|
| Below \$2.00                      | \$0.75                |
| \$2.00 to \$5.00                  | \$1.25                |
| Above \$5.00 to \$10.00           | \$1.50                |
| Above \$10.00 to \$20.00          | \$2.50                |
| Above \$20.00 to \$50.00          | \$3.00                |
| Above \$50.00 to \$100.00         | \$4.50                |
| Above \$100.00                    | \$6.00                |

There are no changes to the calculation for Theoretical Price for Customer transactions occurring more than 10 seconds after an opening or re-opening.

### Customer Transactions to be Adjusted instead of Busted

When at least one party to the Obvious Error is a Customer, the execution price of the transaction will be adjusted by the Official pursuant to the table below, rather than nullified. However, if such adjustment(s) would result in an execution price violating the Customer's limit price, the trade will be nullified.

| Theoretical Price (TP) | Buy Transaction Adjustment – TP Plus | Sell Transaction Adjustment – TP Minus |
|------------------------|--------------------------------------|--|
| Below \$3.00           | \$0.15                               | \$0.15                                 |
| At or above \$3.00     | \$0.30                               | \$0.30                                 |

Any Customer Obvious Error exceeding 50 contracts will also be subject to the existing Size Adjustment Modifier defined in the table below.

| Number of Contracts per Execution | Adjustment – TP Plus/Minus  |
|-----------------------------------|-----------------------------|
| 1-50                              | N/A                         |
| 51-250                            | 2 times adjustment amount   |
| 251-1000                          | 2.5 times adjustment amount |
| 1001 or more                      | 3 times adjustment amount   |

Obvious Error filing procedures remain unchanged and the Obvious & Catastrophic Error Review Form can be accessed on the Exchange's website.

Complete details regarding the changes can be found in each Exchange's rule filing: [SR-MIAX-2022-03](#), [SR-PEARL-2022-02](#), and [SR-EMERALD-2022-01](#).

Regulatory inquiries should be directed to [Regulatory@MIAXOptions.com](mailto:Regulatory@MIAXOptions.com) or (609) 897-7309.